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Dear Julian,

UNC Modification Proposal 0104: '3rd Party Proposal: Storage Information at LNG Importation Facilities'

Thank you for your invitation seeking representations with respect to the above Modification Proposals. National Grid Gas plc (UK Distribution), ("Distribution") does not support the implementation of Modification Proposal 0104.

Availability of Information

Under UNC, Section V5.9.2, (introduced by the implementation of Modification Proposal 0006), NTS "*shall not be obliged to publish information not made available to*" it. It is our understanding that NTS has access to information relating to stock at Grain through an extra-UNC arrangement for the storage of Operating Margins Gas ("OM"). We are not privy to the exact nature of the arrangement but, if the piece of information provided under contract relates to sufficient gas being in the tanks to meet the OM requirement, then it is not clear whether or not NTS would be able to comply with the obligation to publish total stock levels. Therefore, it could transpire that the only information that NTS would have relevant to Grain stock levels would relate to OM levels which would not be of great interest to the market.

Disclosure of Information

This modification proposal has been linked to UNC through the OM storage service provided at Grain and the associate OM reporting requirement. As things stand, NTS do not have any sort of contractual arrangement with any other LNG importation facilities and, consequently, do not have any information that would be required to report on such facilities.

If NTS do receive and are required to publish total stock levels from Grain, we believe this could result in commercial encumbrances for the facility. Whatever level of information is provided by Grain, the reporting was set up to support the secure operation of the transmission system; implementation of this proposal would change radically the purpose of this information flow. The information provided by Grain would now have commercial significance; its stock levels would be in the public domain and could be used by anyone to make market assessments and for monitoring participant behaviour. Other importation facilities would not be similarly encumbered and this could result in importers differentiating between facilities on the basis of mandated stock disclosure. Therefore, the requirement to provide this information could result in undue discrimination between importation facilities. Additionally, this level of disclosure could affect the willingness of potential OM storage providers to offer their services to NTS. This is not in the interests of efficient system operation.

Therefore, it could be that implementation may simply yield, "information not available" for importation facilities other than Grain, and depending on the agreement between Grain and NTS, the information relating only to OM sub-stock levels, neither situation being of any interest to market participants.

Summary

To summarise, our concerns are threefold:

- Does NTS have access to the necessary information to enable it to provide the specified information?
- If they do, would the publication lead to two-tier importation regime: importation facilities with stock disclosure and facilities without?
- If the provision of OM services came bundled with a requirement to disclose stock levels, would this inhibit other potential service providers from offering OM services?

It is our opinion, therefore, that implementation would not yield any furtherance of the relevant objectives laid out in SSC11(a) of NTS's transporter licence. Therefore, Distribution believes this modification proposal should not be implemented.

Yours sincerely,

Phil Lawton.